

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7307**

**BILL NUMBER:** HB 1727

**NOTE PREPARED:** Jan 10, 2005

**BILL AMENDED:**

**SUBJECT:** Tax deduction of federal retirement benefits.

**FIRST AUTHOR:** Rep. Welch

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**      **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** Pending

**Summary of Legislation:** Provides an adjusted gross income tax deduction for part of a federal government pension (including a military pension) received by an individual or an individual's surviving spouse, in an amount that does not exceed the difference between: (1) the maximum benefits payable under Social Security that could have been excluded from federal gross income for the year; and (2) the Social Security benefits actually received by the taxpayer during the year. Provides that a taxpayer may not claim both this deduction and the existing military service deduction or federal civil service deduction.

**Effective Date:** January 1, 2006.

**Explanation of State Expenditures:** *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Jim Landers, 317-232-9869.